LIC Housing Finance

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	LICHF IN
Equity Shares (m)	550
M.Cap.(INRb)/(USDb)	287.7 / 3
52-Week Range (INR)	598 / 459
1, 6, 12 Rel. Per (%)	-9/3/-9
12M Avg Val (INR M)	862

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	84.2	81.6	87.9
PPP	76.3	73.5	79.2
PAT	56.0	56.8	59.8
EPS (INR)	101.7	103.2	108.7
EPS Gr. (%)	3.1	1.5	5.4
BV/Sh (INR)	751	834	921
Ratios			
NIM (%)	2.7	2.5	2.5
C/I ratio (%)	15.1	16.6	16.7
RoAA (%)	1.8	1.7	1.7
RoE (%)	14.4	13.0	12.4
Payout (%)	9.8	10.2	9.8
Valuations			
P/E (x)	5.1	5.1	4.8
P/BV (x)	0.7	0.6	0.6
Div. Yield (%)	1.9	2.0	2.0

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	45.2	45.2	45.2
DII	21.0	20.9	22.2
FII	21.5	21.4	20.3
Others	12.3	12.5	12.3

FII Includes depository receipts

CMP: INR523 TP: INR580 (+11%) Neutral

Loan growth remains tepid; margin pressure persists

Disbursements grew ~14% YoY; NIM declined ~20bp QoQ

- LIC Housing Finance's (LICHF) 1QFY27 PAT grew ~9% YoY to ~INR14.9b (in line). NII rose ~1% YoY to ~INR20.8b (in line). Fee and other income declined 26% YoY to INR420m.
- Opex grew ~16% YoY to INR3.4b (in line) and the cost-income ratio rose ~225bp YoY to ~16.1% (PY: ~13.8% and PQ: ~17%). Higher employee expenses were primarily attributed to an increase in employee gratuity provisions by INR220m (driven by higher G-Sec yields).
- PPoP declined ~3% YoY to ~INR17.8b (the company has reclassified recoveries from written-off loans from other operating income to credit cost line item, which is now presented net of recoveries). Credit costs (net of recoveries) stood at -INR1.1b and translated into annualized credit costs of -14bp (PY: 17bp and PQ: -4bp).
- LICHF guided for loan book growth of ~8-10% and disbursement growth of ~10-12% in FY27. To support growth, the company continues to diversify toward higher-yielding segments such as LAP, LRD, and developer finance. The company expects developer finance disbursements to improve, driven by a selective focus on Grade-B developers while maintaining pricing and underwriting discipline. It will roll out affordable housing in a calibrated manner, while ongoing digital investments are expected to improve customer acquisition, TAT, and operating efficiency.
- The company expects its borrowing costs to increase marginally by ~3-4bp. LICHF remains focused on preserving profitability while pursuing loan growth and has guided for NIM of ~2.6% in FY27. Margin pressure from intense competition in the home loan segment and elevated BT-outs is expected to be partly offset through a higher mix of better-yielding non-housing loans.
- LICHF's near-term loan growth trajectory will remain weak due to muted disbursement growth and higher competitive intensity, resulting in elevated BT-OUTs and repayments. Margins will remain a key monitorable amid high competitive intensity in the home loan segment, with the success of diversification toward higher-yielding segments being critical for improving profitability. Asset quality remained stable, supported by improving portfolio trends and recoveries from legacy stressed accounts.
- LICHF's valuation of ~0.6x FY27E P/BV reflects its inability to deliver a respectable double-digit loan growth. We estimate a CAGR of ~7%/3% in advances/PAT over FY26-28E and RoA/RoE of 1.7%/12% by FY28E. With no near-term catalyst, **we reiterate our Neutral rating on the stock with a TP of INR580 (based on 0.6x FY28E P/BV).**

Home loans grew ~4% YoY; non-housing individual segment gained traction

- Loan disbursements in individual home loans grew ~8% YoY, while non-housing individual disbursements rose 20% YoY. Non-housing commercial disbursements declined ~27% YoY. Builder/project loan disbursements stood at INR8.7b (PY: INR1.6b). Total disbursements grew ~14% YoY to ~INR150b. Repayment rate rose to 17% (PY: 14.6% and PQ: 18.6%).

Abhijit Tibrewal - Research Analyst (Abhijit.Tibrewal@MotilalOswal.com) | **Pranav Nawale** (Pranav.Nawale@MotilalOswal.com)
Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com) | **Raghav Khemani** (Raghav.Khemani@MotilalOswal.com)

- Overall loan book was up ~4% YoY and flat QoQ at INR3.22t. Home loans grew ~4% YoY, while non-housing individual book grew ~10% YoY. We expect LICHF to deliver a loan book CAGR of ~7% over FY26-28E.

Margin headwinds persist following portfolio repricing

- NIM declined ~20bp QoQ to ~2.6%. Reported yields as of Jun'26 declined ~10bp QoQ to 9.12%, while CoB was broadly stable QoQ at ~7.28%. This resulted in spreads declining ~10bp QoQ to ~1.84%.
- We expect LICHF to deliver NIMs of ~2.5% over FY27-FY28.

Asset quality trends favorable; focus on stressed asset resolution continues

- GS3/NS3 remained broadly stable QoQ at ~2.15%/1.12%. Stage 3 PCR declined ~180bp QoQ to ~48.2% (PQ: ~50%) and Stage 2 PCR declined ~15bp QoQ to ~4.9% (PQ: 5.05%).
- Recoveries from the developer finance portfolio are expected to remain a key driver of further improvement, with multiple large accounts progressing toward resolution via legal and negotiated settlements. Consequently, the company expects credit costs to remain within the guided range of ~10-15bp and GNPA to stay below 2% in FY27. We model (net) credit costs of 5bp/10bp in FY27E/FY28E.

Highlights from the management commentary

- LICHF expects developer finance to become a meaningful growth driver. Last year was challenging from a developer finance perspective due to pricing pressures and the company remains cautious on lending below ~8% yields.
- Recovery from NPAs stood at ~INR5.4b during the quarter, with management expecting further recoveries of INR5-6b over the coming quarters.

Valuation and view

- LICHF's near-term performance will hinge on the trajectory of loan book growth and disbursement momentum, with repayments remaining elevated. While diversification toward higher-yielding non-housing segments remains a focus area for the company, its impact on margin will be an important monitorable. Asset quality remains stable, providing comfort on the benign credit cost outlook.
- We estimate a CAGR of ~7%/3% in advances/PAT over FY26-28E and RoA/RoE of 1.7%/12% by FY28E. With no near-term catalyst, we reiterate our Neutral rating on the stock with a TP of INR580 (based on 0.6x FY28E P/BV).

Quarterly Performance (INR M)

Y/E March	FY26				FY27E				FY26	FY27E	1Q FY27E	Act. v/s est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	71,131	70,335	70,439	70,093	70,236	70,446	71,151	72,931	2,81,997	2,84,764	70,653	-1
Interest Expenses	50,484	49,951	49,421	47,875	49,481	50,371	51,227	52,104	1,97,752	2,03,183	48,976	1
Net Interest Income	**20,647**	**20,385**	**21,017**	**22,218**	**20,755**	**20,075**	**19,923**	**20,827**	**84,245**	**81,581**	**21,677**	-4
YoY Growth (%)	3.8	3.3	5.1	2.6	0.5	-1.5	-5.2	-6.3	3.6	-3.2	4.9	
Fees and other income	564	1,362	1,431	677	420	1,648	1,689	2,797	5,720	6,554	1,441	-71
Net Income	**21,211**	**21,747**	**22,449**	**22,895**	**21,175**	**21,723**	**21,612**	**23,625**	**89,965**	**88,135**	**23,119**	-8
YoY Growth (%)	4.3	6.0	6.6	-1.8	-0.2	-0.1	-3.7	3.2	5.5	-2.0	5.8	
Operating Expenses	2,928	3,018	3,488	3,889	3,401	3,469	3,643	4,095	13,618	14,608	3,320	2
Operating Profit	**18,284**	**18,729**	**18,961**	**19,006**	**17,774**	**18,254**	**17,970**	**19,530**	**76,347**	**73,527**	**19,798**	-10
YoY Growth (%)	3.2	7.5	8.4	1.1	-2.8	-2.5	-5.2	2.8	6.9	-3.7	4.6	
Provisions and Cont.	1,292	1,682	1,536	-337	-1,111	-400	1,520	1,621	5,540	1,631	1,350	-182
Profit before Tax	**16,992**	**17,047**	**17,425**	**19,342**	**18,884**	**18,654**	**16,450**	**17,908**	**70,806**	**71,896**	**18,448**	2
Tax Provisions	3,392	3,508	3,586	4,368	4,001	3,731	3,454	3,912	14,855	15,098	3,911	2
Net Profit	**13,599**	**13,539**	**13,840**	**14,974**	**14,883**	**14,923**	**12,995**	**13,997**	**55,952**	**56,798**	**14,537**	2
YoY Growth (%)	5	2	-3	9	9	10	-6	-7	3	2	7	
Key Operating Parameters (%)												
Yield on loans (Cal)	9.22	9.06	9.00	8.83	8.74	8.69	8.64	8.67	9.1	8.7		
Cost of funds (Cal)	7.46	7.35	7.26	6.97	7.14	7.18	7.14	7.14	7.2	7.1		
Spreads (Cal)	1.76	1.70	1.74	1.86	1.60	1.50	1.50	1.53	1.9	1.6		
Margins (Cal)	2.68	2.62	2.69	2.80	2.58	2.48	2.42	2.48	2.7	2.5		
Credit Cost (Cal)	0.17	0.22	0.20	-0.04	-0.14	-0.05	0.18	0.19	0.2	0.1		
Cost to Income Ratio	13.8	13.9	15.5	17.0	16.1	16.0	16.9	17.3	15.1	16.6		
Tax Rate	20.0	20.6	20.6	22.6	21.2	20.0	21.0	21.8	21.0	21.0		
Balance Sheet Parameters												
Loans (INR B)	3,096	3,118	3,143	3,207	3,221	3,268	3,321	3,407	3162	3361		
Change YoY (%)	7.2	5.8	5.1	4.2	4.0	4.8	5.7	6.2	4.4	6.3		
Indiv. Disb. (INR B)	130	159	155	202	141	0	0	0	646	704		
Change YoY (%)	4.6	5.7	7.0	10.3	9.1	-100.0	-100.0	-100.0	7.2	9.0		
Borrowings (INR B)	2,709	2,725	2,721	2,775	2,768	2,843	2,896	2,941	2774	2941		
Change YoY (%)	6.8	5.8	3.6	2.5	2.2	4.3	6.5	6.0	2.5	6.0		
Loans/Borrowings (%)	114.3	114.4	115.5	115.6	116.4	114.9	114.7	115.8	114.0	114.3		
Asset Quality Parameters												
GS 3 (INR B)	81.1	78.3	77.0	69.3	68.9							
Gross Stage 3 (% on Assets)	2.62	2.51	2.45	2.16	2.14							
NS 3 (INR B)	39.9	36.7	35.0	34.6	35.7							
Net Stage 3 (% on Assets)	1.31	1.20	1.13	1.10	1.12							
PCR (%)	50.8	53.1	54.5	50.0	48.2							
ECL (%)	1.63	1.63	1.62	1.42	1.37							
Loan Mix (%)												
Home loans	84.8	84.7	84.6	84.5	84.4							
LAP	13.6	13.7	13.8	14.2	14.3							
Non-Individual loans	1.6	1.6	1.6	1.3	1.3							
Borrowing Mix (%)												
Banks	31.0	35.0	38.0	39.0	37.0							
NCD	55.0	53.0	50.0	46.0	46.0							
Sub Debt	0.0	0.0	0.0	0.0	0.0							
Deposits	4.0	4.0	4.0	4.0	4.0							
NHB	5.0	4.0	5.0	7.0	8.0							
CP	5.0	4.0	3.0	4.0	5.0							

E: MOFSL Estimates

CONFERENCE CALL

Highlights from the management commentary

Guidance and outlook

- LICHF expects the loan book to grow at ~8-10% in FY27, supported by gradual improvement in disbursements, with disbursement growth guided at ~10-12% for the year.
- Disbursements grew ~14.5% YoY in 1QFY27, in line with guidance, and the company is targeting ~15% disbursement growth in 2QFY27.
- Management expects loan growth to remain gradual as disbursements improve, considering ongoing repayments, maturities, part prepayments, full prepayments, and balance transfers.
- The company has guided for NIM to remain around ~2.6% in FY27, while balancing growth ambitions with margin preservation.
- The company guided for credit costs of ~10-15bp for FY27, supported by improving asset quality and recoveries from stressed project loans. The company expects GNPA for FY27 to remain below ~2%.
- Management remains focused on product diversification, with increasing contribution from higher-yielding segments such as LAP and LRD to offset pressure in individual home loans.

Macro and opening remarks

- The global macroeconomic environment remains uncertain due to heightened geopolitical tensions, including renewed escalation in the US-Iran conflict, resulting in volatility in crude prices and global financial markets.
- Despite global uncertainties and cautious policy stance by major central banks, the Indian economy remains resilient, supported by strong domestic demand, healthy government capex and a robust financial sector.
- Inflation remains broadly within the RBI's comfort zone, although higher crude oil prices remain a potential upside risk. India's GDP growth is expected to remain among the strongest globally.
- A stable domestic interest rate environment is expected to support credit demand, particularly in the housing sector, while also benefiting funding costs and asset quality across the industry.

Loan growth and disbursements

- Disbursement growth stood at ~14.5% in 1QFY27, supported by business momentum, while the company continues to target higher growth through increased customer retention and origination volumes.
- BT-out activity remained elevated during the quarter, with net BT-out of ~INR15b impacting loan growth.
- LICHF continues to compete with banks in the individual home loan segment, which has resulted in some pressure on margins due to competitive pricing.
- Management highlighted the need to balance growth and profitability by increasing disbursements while maintaining NIM at ~2.6%.

Product diversification and higher-yielding segments

- LICHF has been pursuing product diversification over the past two years, with an objective to gradually reduce dependence on individual home loans and increase exposure to non-individual housing segments such as LAP and LRD.
- LAP and LRD portfolios offer ~150bp higher yields compared to individual home loans and are expected to support overall portfolio yields.
- The LAP and LRD portfolio is growing at ~20% in the current quarter, with incremental lending rates at ~9.4%. The company expects growth in higher-yielding segments to compensate for pressure on individual housing loan yields over time.

Developer finance

- The company expects developer finance to become a meaningful growth driver. Last year was challenging from a developer finance perspective due to pricing pressures from large developers, and the company remains cautious on lending below ~8% yields.
- Management is focusing on quality Grade-B developers rather than competing aggressively for large developers demanding lower pricing.
- The previous requirement of lending only to developers with a minimum BBB rating is being relaxed, enabling the company to evaluate a wider set of borrowers while maintaining credit discipline.
- The company does not have a fixed ticket size strategy for developer finance and is willing to consider loans ranging from INR250-300m for smaller developers to INR3-4b for larger developers.
- Developer finance lending rates are currently around ~10.5%, supporting the objective of balancing growth with margins.

Margins, yields and pricing

- LICHF has guided for NIMs of ~2.6% in FY27, with efforts focused on maintaining margins despite competitive pressures in the individual housing loan segment.
- Overall portfolio yields stood at ~9.12%
- The company reduced lending rates by 25bp across the portfolio in April last year, which impacted margins during the period.
- Incremental cost of funds stood at 7.06% in 1QFY27 compared to 6.86% in 4QFY26 and 6.97% in 1QFY26. Cost of borrowings is expected to increase marginally by ~3-4bp, although the company continues to benefit from diversified borrowing sources and prudent liability management.
- The company has adopted a flexible approach to repricing for select prime customers to reduce BT-out risk, with customer retention efforts focused on strong borrowers and large-ticket loans.
- A structured policy has been implemented to track large BT-outs, engage with customers, and offer competitive rates wherever retention is commercially viable.

Asset quality and recoveries

- Asset quality continued to improve sequentially, supporting confidence in achieving the guided credit cost range of ~10-15bp for FY27.

- Stage 3 in individual housing loans stood at 1.09%, while Stage 3 in non-individual housing stood at ~3.06% and project loans at ~20.53%.
- Recovery efforts remain focused on legacy stressed loans, particularly from the developer finance portfolio, with accounts progressing through various stages of resolution.
- Recovery from NPAs stood at ~INR5.4b during the quarter, with management expecting further recoveries of INR5-6b over the coming quarters.
- Several large legacy accounts are in advanced stages of resolution, which should support a meaningful reduction in NPA.
- The company continues to pursue multiple recovery mechanisms, including legal actions and one-time settlements with borrowers.

Affordable housing initiatives

- Affordable Housing remains a work in progress and has not yet been rolled out. The company plans to initiate the business during FY27.
- Management intends to adopt a cautious approach in affordable housing, with strong credit guardrails given the higher risk profile of the segment.
- The company has not set any business targets for affordable housing at this stage and will focus on building the business prudently.

Digital transformation and technology initiatives

- LICHF is undertaking a complete overhaul of its LMS and LOS to improve customer experience, service delivery and turnaround times.
- Digital initiatives are being implemented across customer onboarding, credit appraisal, straight-through processing, and analytics to improve efficiency and reduce delinquencies.
- The company is integrating multiple applications and tools to create a more efficient operating ecosystem and improve productivity.
- Digital initiatives are expected to reduce overall costs by improving processes and enabling redeployment of manpower toward higher productivity areas rather than direct workforce reduction.
- The ultimate objective is to enhance customer experience, improve cost efficiency and create a scalable operating platform.

Financial and operating highlights

- High operating costs were primarily due to an increase in employee gratuity provision (driven by higher G-Sec yields) by INR220m, while overall costs remain within the expected range.
- Technology spending is expected to increase during FY27, with significant IT investments likely to be incurred from 2QFY27 onwards.

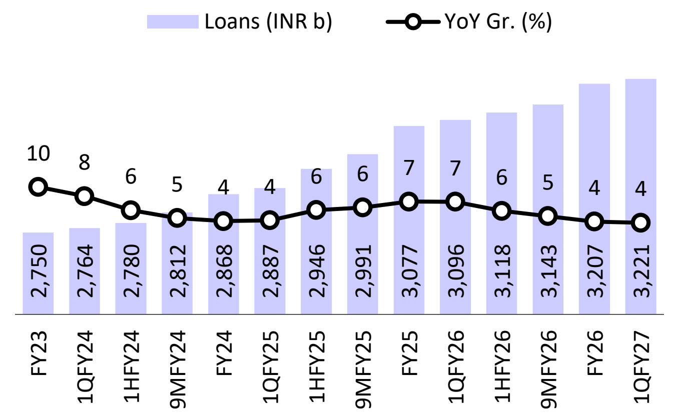
Exhibit 1: Segment-wise split of Stage 3

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Individual home loans (IHL)	1.3%	1.2%	1.1%	1.2%	1.2%	1.1%	1.0%	1.1%
Non-housing individual (NHI)	5.0%	4.6%	3.9%	4.3%	4.0%	3.8%	3.5%	3.1%
Non-housing commercial (NHC) Project loans	30.1%	27.0%	24.5%	24.8%	22.9%	24.9%	21.0%	20.5%

*NHC includes project loans

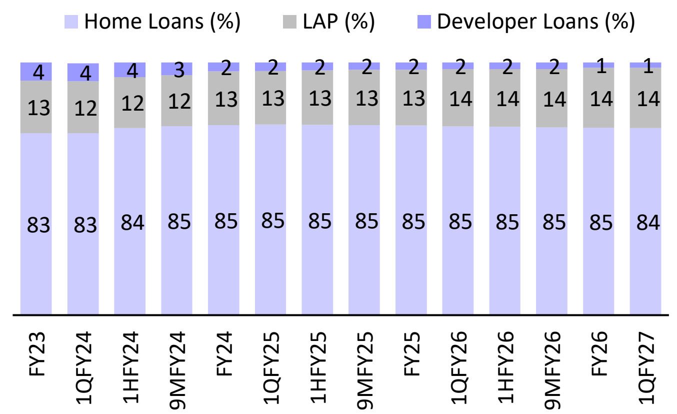
Story in charts

Exhibit 2: Loan book grew ~4% YoY



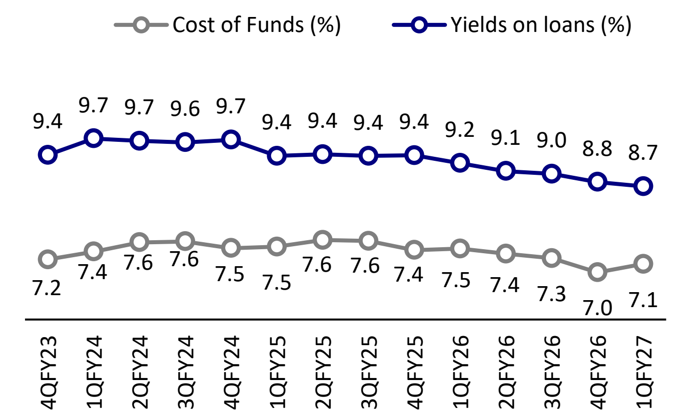
Source: MOFSL, Company

Exhibit 3: Loan mix largely stable QoQ (%)



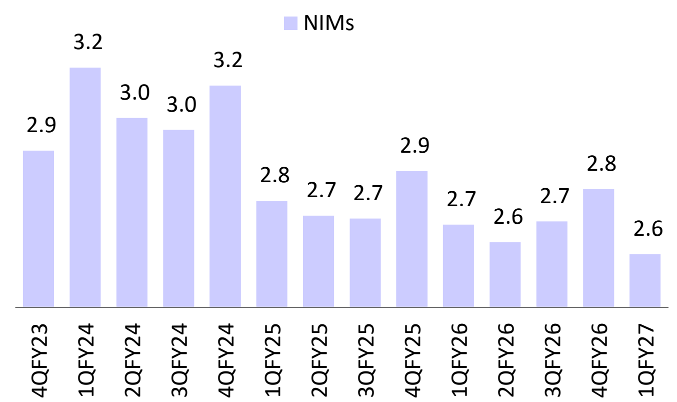
Source: MOFSL, Company

Exhibit 4: Calculated spreads declined ~25bp QoQ



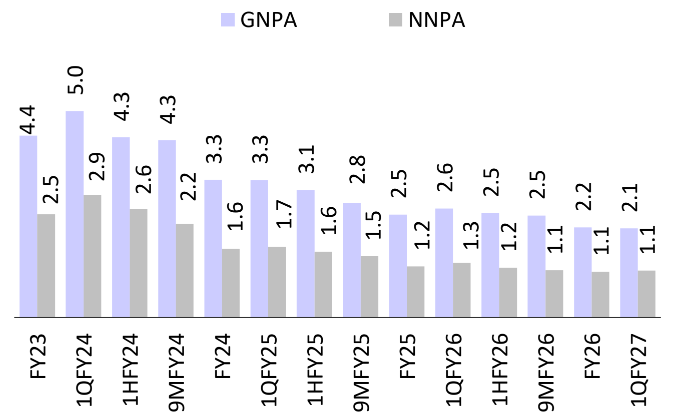
Source: MOFSL, Company

Exhibit 5: NIMs declined ~20bp QoQ (%)



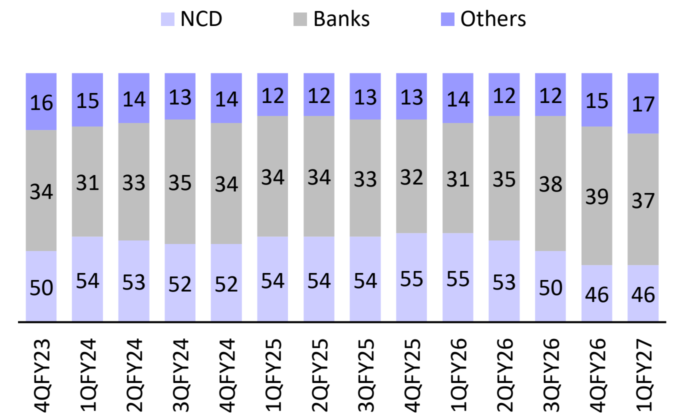
Source: MOFSL, Company

Exhibit 6: Asset quality remained stable QoQ (%)



Source: MOFSL, Company

Exhibit 7: Share of bank borrowings declined ~2pp QoQ (%)

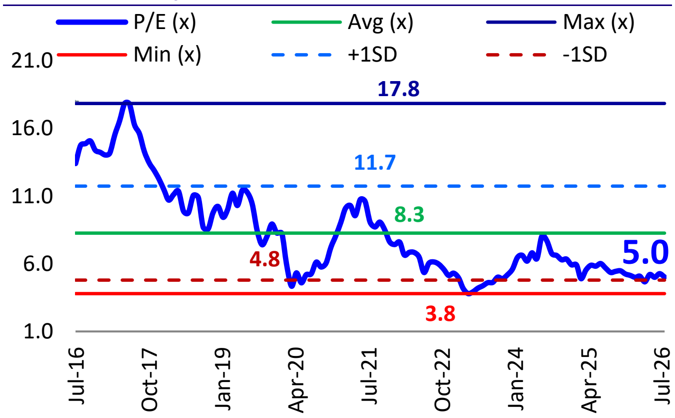


Source: MOFSL, Company

Exhibit 8: We cut our FY27 estimates by ~3% to factor in lower NIM partly offset by lower credit costs

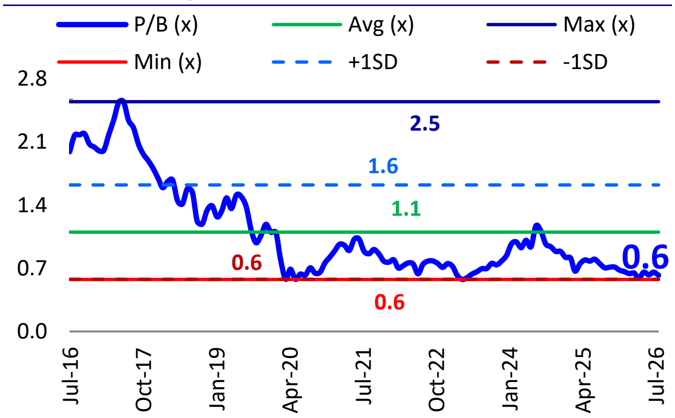
INR B	Old Est.		New Est.		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
NII	88.5	92.0	81.6	87.9	-7.8	-4.4
Other Income	6.5	7.2	6.6	7.2	0.1	0.1
Net Income	**95.1**	**99.2**	**88.1**	**95.1**	**-7.3**	-4.1
Operating Expenses	14.6	15.9	14.6	15.9	0.0	0.0
Operating Profits	**80.5**	**83.3**	**73.5**	**79.2**	**-8.6**	-4.9
Provisions	6.5	7.0	1.6	3.5	-75.0	-49.9
PBT	**73.9**	**76.3**	**71.9**	**75.8**	**-2.8**	-0.8
Tax	15.5	16.0	15.1	15.9	-2.8	-0.8
PAT	**58.4**	**60.3**	**56.8**	**59.8**	**-2.8**	-0.8
Loans	3,359	3,616	3,361	3,625	0.1	0.2
Borrowings	2,941	3,157	2,941	3,161	0.0	0.1
Spreads (%)	**1.85**	**1.74**	**1.62**	**1.61**		
RoAA (%)	**1.7**	**1.7**	**1.7**	**1.7**		
RoAE (%)	**13.4**	**12.4**	**13.0**	**12.4**		

Exhibit 9: One-year forward P/E



Source: MOFSL, Company

Exhibit 10: One-year forward P/B



Source: MOFSL, Company

Financials and valuations

Income Statement									(INR M)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Interest Income	1,96,054	1,96,971	1,96,885	2,25,162	2,70,416	2,76,615	2,81,997	2,84,764	3,06,092
Interest Expense	1,47,839	1,44,526	1,41,537	1,61,860	1,83,907	1,95,320	1,97,752	2,03,183	2,18,151
Net Interest Income	**48,215**	**52,445**	**55,348**	**63,303**	**86,509**	**81,295**	**84,245**	**81,581**	**87,942**
Change (%)	12.9	8.8	5.5	14.4	36.7	-6.0	3.6	-3.2	7.8
Fee Income	394	788	982	448	491	371	788	882	966
Other Income	250	718	1,664	1,132	1,440	3,577	4,932	5,672	6,239
Net Income	**48,859**	**53,951**	**57,994**	**64,882**	**88,440**	**85,243**	**89,965**	**88,135**	**95,146**
Change (%)	9.2	10.4	7.5	11.9	36.3	-3.6	5.5	-2.0	8.0
Operating Expenses	6,167	7,015	9,994	9,883	11,463	13,826	13,618	14,608	15,897
Operating Profits	**42,692**	**46,936**	**48,000**	**55,000**	**76,976**	**71,416**	**76,347**	**73,527**	**79,249**
Change (%)	6.8	9.9	2.3	14.6	40.0	-7.2	6.9	-3.7	7.8
Provisions/write offs	10,002	13,450	20,218	19,430	16,437	2,858	5,540	1,631	3,493
PBT	**32,690**	**33,486**	**27,782**	**35,570**	**60,539**	**68,558**	**70,806**	**71,896**	**75,755**
Tax	8,672	6,142	4,909	6,660	12,885	14,268	14,855	15,098	15,909
Tax Rate (%)	26.5	18.3	17.7	18.7	21.3	20.8	21.0	21.0	21.0
PAT	**24,018**	**27,343**	**22,873**	**28,910**	**47,654**	**54,290**	**55,952**	**56,798**	**59,847**
Change (%)	-1.2	13.8	-16.3	26.4	64.8	13.9	3.1	1.5	5.4
Adjusted PAT	**24,018**	**27,343**	**22,873**	**28,910**	**47,654**	**54,290**	**55,952**	**56,798**	**59,847**
Change (%)	-1.2	13.8	-16.3	26.4	64.8	13.9	3.1	1.5	5.4
Proposed Dividend	**4,040**	**4,292**	**4,678**	**4,678**	**4,954**	**5,504**	**5,504**	**5,779**	**5,865**

Balance Sheet									
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Capital	1,010	1,010	1,101	1,101	1,101	1,101	1,101	1,101	1,101
Reserves & Surplus	1,80,921	2,04,203	2,45,618	2,69,903	3,12,846	3,61,467	4,12,155	4,57,669	5,05,872
Net Worth	**1,81,931**	**2,05,213**	**2,46,718**	**2,71,003**	**3,13,946**	**3,62,568**	**4,13,255**	**4,58,770**	**5,06,973**
Borrowings	**19,13,317**	**20,78,615**	**22,36,582**	**24,47,742**	**25,24,968**	**27,05,972**	**27,74,225**	**29,41,182**	**31,60,937**
Change (%)	12.1	8.6	7.6	9.4	3.2	7.2	2.5	6.0	7.5
Other liabilities	72,808	72,505	62,375	65,374	73,132	70,726	63,577	60,398	63,418
Total Liabilities	**21,68,056**	**23,56,333**	**25,45,675**	**27,84,120**	**29,12,046**	**31,39,266**	**32,51,057**	**34,60,350**	**37,31,328**
Investments	54,964	46,357	61,986	69,764	62,770	71,421	50,503	55,554	61,109
Change (%)	52.9	-15.7	33.7	12.5	-10.0	13.8	-29.3	10.0	10.0
Loans	**20,79,880**	**22,81,143**	**24,52,963**	**26,78,348**	**28,05,898**	**30,28,458**	**31,61,678**	**33,61,351**	**36,24,928**
Change (%)	7.8	9.7	7.5	9.2	4.8	7.9	4.4	6.3	7.8
Net Fixed Assets	2,544	2,469	2,876	3,570	3,609	3,781	3,456	3,629	3,811
Other assets	30,669	26,364	27,849	32,439	39,770	35,605	35,419	39,817	41,480
Total Assets	**21,68,056**	**23,56,333**	**25,45,675**	**27,84,120**	**29,12,046**	**31,39,266**	**32,51,057**	**34,60,350**	**37,31,328**

E: MOFSL Estimates

Financials and valuations

Ratios									
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Spreads Analysis (%)									
Yield on loans	9.8	9.0	8.3	8.8	9.9	9.5	9.1	8.7	8.8
Cost of funds	8.2	7.2	6.6	6.9	7.4	7.5	7.2	7.1	7.2
Spreads Analysis (%)	1.6	1.8	1.76	1.87	2.46	2.01	1.9	1.6	1.61
Margins	**2.4**	**2.4**	**2.3**	**2.5**	**3.2**	**2.8**	**2.7**	**2.5**	**2.5**
Profitability Ratios (%)									
Adj RoAE	13.9	14.1	10.1	11.2	16.3	16.0	14.4	13.0	12.4
Adj RoAA	1.2	1.2	0.9	1.1	1.7	1.8	1.8	1.7	1.7
Int. Expended/Int.Earned	75.4	73.4	71.9	71.9	68.0	70.6	70.1	71.4	71.3
Other Inc./Net Income	0.5	1.3	2.9	1.7	1.6	4.2	5.5	6.4	6.6
Efficiency Ratios (%)									
Fees/Operating income	0.2	0.4	0.5	0.2	0.2	0.1	0.3	0.3	0.3
Op. Exps./Net Income	12.6	13.0	17.2	15.2	13.0	16.2	15.1	16.6	16.7
Empl. Cost/Op. Exps.	48.5	41.8	56.4	47.9	53.2	50.8	47.1	47.4	47.9
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	108.7	109.7	109.7	109.4	111.1	111.9	114.0	114.3	114.7
Debt/Equity (x)	10.5	10.1	9.1	9.0	8.0	7.5	6.7	6.4	6.2
Gross NPAs (Rs m)	59,594	95,585	1,16,520	1,20,196	94,945	76,010	69,273	66,111	62,750
Gross NPAs to Adv.	2.8	4.1	4.6	4.4	3.3	2.5	2.2	1.9	1.7
Net NPAs (Rs m)	33,474	57,414	66,314	66,383	46,178	37,071	34,649	33,056	31,375
Net NPAs to Adv.	1.6	2.5	2.7	2.5	1.6	1.2	1.1	1.0	0.9

Valuation	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Book Value (INR)	360	406	448	492	570	659	751	834	921
Growth (%)	11.9	12.8	10.3	9.8	15.8	15.5	14.0	11.0	10.5
Price-BV (x)	**1.5**	**1.3**	**1.2**	**1.1**	**0.9**	**0.8**	**0.7**	**0.6**	**0.6**
Adjusted BV (INR)	342.4	375.7	415.7	459.8	547.7	640.6	733.8	817.3	905.7
Price-ABV (x)	**1.5**	**1.3**	**1.2**	**1.1**	**0.9**	**0.8**	**0.7**	**0.6**	**0.6**
OPS (INR)	84.5	93.0	87.2	99.9	139.9	129.8	138.7	133.6	144.0
Growth (%)	*6.8*	*9.9*	*-6.2*	*14.6*	*40.0*	*-7.2*	*6.9*	*-3.7*	*7.8*
Price-OP (x)	6.2	5.6	6.0	5.2	3.7	4.0	3.8	3.9	3.6
EPS (INR)	47.6	54.2	41.6	52.5	86.6	98.6	101.7	103.2	108.7
Growth (%)	-1.2	13.8	-23.3	26.4	64.8	13.9	3.1	1.5	5.4
Price-Earnings (x)	**11.0**	**9.7**	**12.6**	**10.0**	**6.0**	**5.3**	**5.1**	**5.1**	**4.8**
Adj. EPS (INR)	47.6	54.2	41.6	52.5	86.6	98.6	101.7	103.2	108.7
Growth (%)	-1.2	13.8	-23.3	26.4	64.8	13.9	3.1	1.5	5.4
Price-Earnings (x)	**11.0**	**9.7**	**12.6**	**10.0**	**6.0**	**5.3**	**5.1**	**5.1**	**4.8**
Dividend Per Share	8.0	8.5	8.5	8.5	9.0	10.0	10.0	10.5	10.7
Dividend Yield (%)	**1.5**	**1.6**	**1.6**	**1.6**	**1.7**	**1.9**	**1.9**	**2.0**	**2.0**

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act of Singapore .Accordingly, if a Singapore person is not, or ceases to be, such an investor, they must immediately discontinue any use of this Report and inform MOCMSPL .

.

Specific Disclosures

1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
5 Research Analyst has not served as director/officer/employee in the subject company
6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.